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DEPT FOR EAP/MLS
DEPT PASS TO USTR DAVID BISBEE
COMMERCE FOR 4431/MAC/AP/OPB/VLC/HPPHO

SENSITIVE
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TAGS: ETRD ECON KTEX USTR VM
SUBJECT: AUSTR BARBARA WEISEL DISCUSSES MOVING TRADE RELATIONS FORWARD WITH TRADE VM TU

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REF: A) STATE 9329, B) HANOI 197

¶1. (SBU) Summary: In a February 1 meeting with Vice Minister of Trade Luong Van Tu, Assistant U.S. Trade Representative (AUSTR) Barbara Weisel expressed the United States' strong interest in building upon the current momentum in our bilateral trade relations.

VM Tu reacted positively to AUSTR Weisel's proposal to launch talks on a Trade and Investment Framework Agreement (TIFA), but reported he must share the draft text with other relevant ministries and agencies before formally commencing TIFA negotiations. Weisel also noted that Vietnam has expressed interest in becoming a beneficiary of the U.S. Generalized System of Preferences (GSP) program and that the United States is prepared to work with Vietnam as it seeks to get through the complex qualification process for the program. As a first step, USTR's GSP Executive Director will hold an informational roundtable on February 9 for GVN officials to better understand the program and its requirements. The United States understands and will consider GVN's comments and concerns as it proceeds with the development of a proposed apparel mechanism. These comments will be used to ensure that the process moves forward in a balanced and transparent manner, Weisel said. Deputy USTR Karan Bhatia and the Department of Commerce (DOC) Assistant Secretary for Import Administration will soon travel to Vietnam to help clarify the monitoring program and address Vietnam's concerns. End Summary.

TIFA

¶2. (SBU) AUSTR Barbara Weisel provided Vice Trade Minister Luong Van Tu with a draft TIFA agreement and proposed that the two sides formally launch negotiations with the aim of completing an agreement "very quickly." She suggested that a TIFA would not only establish a formal dialogue to address outstanding trade issues, the Bilateral Trade Agreement (BTA), and World Trade Organization (WTO) implementation concerns, but would also provide a framework to negotiate any additional agreements that the two sides mutually agreed, such as a Bilateral Investment Treaty (BIT). Weisel noted the goals of the 2002 Enterprise for ASEAN Initiative and that discussions and agreements reached under a TIFA have been used (as in the cases of Thailand and Malaysia) as building blocks toward a future Free Trade Agreement (FTA), when the relationship has reached an appropriate point.

¶3. (SBU) The Vice Minister agreed on the need for a regular forum to discuss trade issues. Claiming to echo Trade Minister Truong Dinh Tuyen's preparedness to consider TIFA talks, VM Tu said he must first share the draft agreement with other relevant agencies, and committed to "get back to the United States soon." Weisel encouraged them to respond quickly so the two sides can build upon current momentum in our trade relations and initiate discussions over an appropriate workplan of issues to consider under a TIFA.

Comment: Tu gave every indication that the Ministry of Trade (MOT) is ready to launch TIFA talks. His unwillingness to commit formally seemed to stem from bureaucratic caution, perhaps in the interest of allowing Minister Tuyen to announce the talks formally at a later date. End Comment.

GSP

¶ 4. (SBU) Citing recent steps Vietnam has taken to meet its long-held goal of qualifying for the GSP program, such as WTO accession and joining the International Labor Organization Convention on Forced Labor, VM Tu asked Weisel and USTR to consider approving Vietnam as a GSP program beneficiary. While acknowledging Vietnam's recent progress, Weisel noted there are statutory requirements for participation in the GSP program, and the United States is interested in helping Vietnam understand the complex process before it formally requests consideration. In Vietnam's case, protection of intellectual property rights and labor standards are two areas which will require additional work before Vietnam would be approved as a GSP beneficiary, Weisel said. USTR's GSP program Executive Director Marideth Sandler will travel to Hanoi on February 9 to explain the GSP program to interested GVN officials. Following this exchange, Vietnam would be in a better position to determine if it is ready to formally request GSP consideration at this time, AUSTR Weisel explained.

Textile and Apparel Monitoring Mechanism

¶ 5. (SBU) VM Tu raised Vietnam's continued concerns over the DOC's proposed development of an apparel and textile monitoring mechanism. Speculation over the program has already negatively affected bilateral trade, Tu said, and asked the United States to consider removing the mechanism. AUSTR Weisel explained that recent Federal

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Register notices were published to ensure all interested parties could provide input into the mechanism's development. She confirmed the United States received Vietnam's comments, which it will take into consideration, along with others, to ensure the program is developed in a balanced and transparent manner so that both sides can move beyond this issue. Deputy USTR Karan Bhatia and DOC's Assistant Secretary for Import Administration will travel to Vietnam in the coming months to clarify the program and address Vietnam's concerns.

¶ 6. (U) This cable has been cleared by USTR David Bisbee.

MARINE